

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION
REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/19/01

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December 3, 2001

Independent Auditors' Report


To the Board of Directors
Central Louisiana Area Health Education Center Foundation
Alexandria, Louisiana

We have audited the accompanying statement of financial position of Central Louisiana Area Health Education Center Foundation as of June 30, 2001, and the related statements of activities, functional expenses, and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Louisiana Area Health Education Center Foundation as of June 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2001, on our consideration of the organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


ROZIER, HARRINGTON & McKAY
CERTIFIED PUBLIC ACCOUNTANTS

-Members-

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CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2001

ASSETS

Cash	\$ 121,579
Accounts Receivable	365,164
Property and Equipment, Net of Accumulated Depreciation	33,341
Other Assets	1,750
Total Assets	<u>\$ 521,834</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$ 13,047
Accrued Expenses	<u>8,629</u>
Total Liabilities	21,676
Net Assets:	
Unrestricted Net Assets	17,695
Temporarily Restricted Net Assets	482,463
Permanently Restricted Net Assets	<u>-</u>
Total Net Assets	<u>500,158</u>
Total Liabilities and Net Assets	<u>\$ 521,834</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION
STATEMENT OF ACTIVITIES
JUNE 30, 2001

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:				
Support:				
Contract with LSUMC	\$ 520,731	\$ -	\$ -	\$ 520,731
Restricted grants	-	572,829	-	572,829
Net assets released from restrictions	260,850	(260,850)	-	-
Miscellaneous income	<u>12,420</u>	<u>-</u>	<u>-</u>	<u>12,420</u>
Total Support and Revenue	794,001	311,979	-	1,105,980
EXPENSES:				
Program Services:				
Educational Programs	468,753	-	-	468,753
Program Management	99,445	-	-	99,445
Learning Resource Center	<u>30,746</u>	<u>-</u>	<u>-</u>	<u>30,746</u>
Total Program Services	598,944	-	-	598,944
Support Services:				
General & Administrative	<u>192,293</u>	<u>-</u>	<u>-</u>	<u>192,293</u>
Total Support Services	<u>192,293</u>	<u>-</u>	<u>-</u>	<u>192,293</u>
Total Expenses	<u>791,237</u>	<u>-</u>	<u>-</u>	<u>791,237</u>
Change in Net Assets	2,764	311,979	-	314,743
Net Assets, Beginning of Year	<u>14,931</u>	<u>170,484</u>	<u>-</u>	<u>185,415</u>
Net Assets, End of Year	<u>\$ 17,695</u>	<u>\$ 482,463</u>	<u>\$ -</u>	<u>\$ 500,158</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2001

	PROGRAM SERVICES				SUPPORT SERVICES		TOTAL EXPENSES
	Educational Programs	Program Management	Learning Resource Ctr	Total	General & Administrative		
Salaries	\$ 95,162	\$ 77,770	\$ 16,806	\$ 189,738	\$ 84,235	\$	\$ 273,973
Payroll taxes	7,708	6,166	1,321	15,195	6,827		22,022
Fringe benefits	16,786	13,429	2,878	33,093	14,866		47,959
Program expenses	321,769	-	3,780	325,549	-		325,549
Educational expense	4,448	-	455	4,903	-		4,903
Other consultants	-	-	-	-	9,572		9,572
Travel	-	-	1,344	1,344	2,199		3,543
Office expense	-	-	-	-	23,295		23,295
Duplication	-	-	-	-	2,768		2,768
Telephone	-	-	-	-	11,564		11,564
Postage	-	-	-	-	1,807		1,807
Housing lease	20,800	-	-	20,800	-		20,800
Office lease	-	-	-	-	26,100		26,100
Other expense	-	-	-	-	6,980		6,980
Total expenses before depreciation	\$ 466,673	\$ 97,365	\$ 26,584	\$ 590,622	\$ 190,213	\$	\$ 780,835
Depreciation	2,080	2,080	4,162	8,322	2,080		10,402
TOTAL EXPENSES	\$ 468,753	\$ 99,445	\$ 30,746	\$ 598,944	\$ 192,293	\$	\$ 791,237

The accompanying notes are an integral part of these financial statements.

CENTRAL LOUISIANA AREA HEALTH EDUCATION CENTER FOUNDATION
STATEMENT OF CASH FLOWS
JUNE 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 314,743
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	10,402
(Increase)Decrease in Accounts Receivable	(223,997)
Increase (Dccrease) in Accounts Payable	(46,103)
Increase(Decrease) in Accrued Expenses	<u>(1,920)</u>
Net Cash Provided by Operating Activities	\$ 53,125

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	<u>(19,718)</u>
Net Cash Used by Investing Activities	<u>\$ (19,718)</u>
Net Increase in Cash and Cash Equivalents	\$ 33,407
Cash and Cash Equivalents, June 30, 2000	<u>88,172</u>
Cash and Cash Equivalents, June 30, 2001	<u><u>\$ 121,579</u></u>

There were no non-cash investing or financing transactions for the year ending June 30, 2001.

The accompanying notes are an integral part of these financial statements.

Central Louisiana Area Health Education Center Foundation
Notes to Financial Statements
June 30, 2001

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Central Louisiana Area Health Education Center Foundation (CLAHEC) is a Louisiana non-profit corporation chartered on January 6, 1992. Its purpose is to operate an area health education center in Central Louisiana in order to plan for additional clinical education opportunities in rural and underserved communities.

CLAHEC is exempt from federal income taxes under the provisions described in Section 501(c)(3) of the Internal Revenue Code.

Fund Accounting

The accounting policies of CLAHEC conform to generally accepted accounting principles as applicable to non-profit organizations.

CLAHEC reports its financial statements in accordance with the American Institute of Certified Public Accountants' Statement of Position 78-10, *Accounting Principles and Reporting Practices for Certain Non-Profit Organizations*. Under the terms of that Statement, the operating fund is used to account for all resources over which the governing board has control.

Restricted fund balances represent resources currently available for use, but expendable only for these operating purposes specified by the grantor or donor. Resources of this type originate from grants, contracts, donations, and interest income earned on restricted funds. It is CLAHEC's policy to report all such revenues as unrestricted if the restrictions are met in the reporting period.

Revenue and Expenses

Support for CLAHEC is provided by Louisiana State University and Agricultural and Mechanical College acting on behalf of the Louisiana State University Medical Center (LSUMC). LSUMC has been awarded grants by both the federal government and the State of Louisiana and has contracted with CLAHEC to provide the services required by these grants.

Expenditures are made in accordance with a budget which has been adopted and made a part of the contractual agreement with LSUMC. CLAHEC is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreements.

Equipment

The cost of office furniture and equipment was not capitalized during the initial year of CLAHEC's grant agreement with LSUMC. According to the contractual agreement between LSUMC and CLAHEC, title to the equipment purchased under the agreement during the fiscal year ending September 30, 1992 shall remain with LSUMC.

The cost of office furniture and equipment purchased in years subsequent to September 30, 1992 has been capitalized at historical cost. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of the assets range from five to ten years.

Central Louisiana Area Health Education Center Foundation
Notes to Financial Statements
June 30, 2001

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Compensated Absences

CLAHEC does not accrue compensated absences since employees are not allowed to carry over significant amounts of vacation and sick leave.

Cash Flow Information

For purposes of the statement of cash flows, management considers all short-term investments with a maturity of three months or less to be cash equivalents. The organization did not make any cash payments for interest or income taxes during the year ended June 30, 2001.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2001 totaled \$121,579 (book balance) and \$192,858 (bank balance). These deposits are held by a local financial institution. At June 30, 2001, bank balances totaling \$92,858 were not insured by federal deposit insurance.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2001 totaled \$365,164 and consisted of amounts due from governmental agencies and local funding sources. Management believes these amounts will be fully collectible, and accordingly, no bad debt expense has been recognized.

NOTE 4 – PROPERTY AND EQUIPMENT

The equipment used in program and support services and capitalized as described in Note 1 is as follows:

Computers and Office Equipment	\$ 47,359
Learning Resource Center	23,786
Office Furnishings	12,018
Equipment – Baton Rouge	1,500
Subtotal	84,663
Less: Accumulated Depreciation	(51,322)
Property and Equipment, net	\$ 33,341

Depreciation expense for the year ended June 30, 2001 totaled \$10,402.

Central Louisiana Area Health Education Center Foundation
Notes to Financial Statements
June 30, 2001

Equipment used in program and support services but not capitalized as described in Note 1 consists of office equipment, furnishings, and computer equipment valued at historical cost totaling \$38,821.

NOTE 5 – SEP/IRA

CLAHEC contributed 15% of each employees earned income to a SEP-IRA plan for each of its employees during the year ended June 30, 2001. Contributions to the plan totaled \$41,096.

NOTE 6 – ECONOMIC DEPENDENCY

CLAHEC receives substantially all of its operating support from funds provided through grants administered by the Louisiana State University and Agricultural and Mechanical College. The grant amounts are appropriated each year by the federal government and the State of Louisiana. Management is not aware of any actions that will adversely affect the aggregate amount of funds CLAHEC will receive in the next fiscal year.

NOTE 7 – OPERATING LEASE

CLAHEC leases its office space, certain furnishings, and housing for medical students under operating lease agreements. Details of each lease are listed below.

Office Building and Furnishings: CLAHEC signed an operating lease agreement on June 1, 2000 on office space and furnishings for a period of thirty-six months at a monthly amount of \$2,175 for the first 18 months, increasing to \$2,375 for the remainder of the lease term. During the year ended June 30, 2001, CLAHEC paid \$26,100 under this lease.

Dental Student Program Housing: CLAHEC entered into an operating lease agreement for housing for students participating in a residency program. The lease term of one year began September 1, 2000 and runs through August 31, 2001 with a monthly rent of \$1,750. Payments are made quarterly under this agreement. During the year ended June 30, 2001, CLAHEC paid \$20,800 under this lease.

Future payments under these lease agreements are as follows:

Year Ended June 30:	Building and Furnishings	Student Housing	Total
2002	\$ 27,500	\$ 3,500	\$ 31,000
2003	26,125	----	26,125
Totals	\$ 53,625	\$ 3,500	\$ 57,125

NOTE 8 – OTHER CONTRACTS AND AGREEMENTS

CLAHEC has also entered into an agreement with the Department of Veteran's Affairs Medical Center in Alexandria, Louisiana for the purpose of establishing a Learning Resource Center. The Learning Resource Center's mission is to provide health care professionals who practice in the underserved and rural areas of Central Louisiana access to library services. CLAHEC's support of

Central Louisiana Area Health Education Center Foundation
Notes to Financial Statements
June 30, 2001

the Learning Resource Center is to provide part-time support staff, equipment, furnishings, and a computer. Any equipment provided by CLAHEC to the Center will remain the property of CLAHEC. CLAHEC is also to provide supplies including books, journals, periodicals, and database searches.

NOTE 9 – NET ASSETS

In accordance with the requirements of FASB No. 117, net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CLAHEC are classified and reported as follows:

Temporarily restricted net assets: Net assets subject to donor imposed restrictions that may or will be met, either by actions of CLAHEC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. CLAHEC receives grant funds from various agencies that are restricted for specific purposes. The restrictions on these grant funds require CLAHEC to expend funds for the programs according to either specified restrictions or a specific time schedule. Any funds not expended in the year they are received are classified as temporarily restricted net assets. At June 30, 2001 CLAHEC had temporarily restricted net assets under various grant programs totaling \$482,463.

Permanently restricted net assets: Net assets subject to donor imposed stipulations that they be maintained permanently by CLAHEC. Generally, income earned on these assets may be used for general and/or specific purposes at the discretion of CLAHEC. There were no net assets meeting these criteria at June 30, 2001.

NOTE 10 – PROMISES TO GIVE

During the year ended June 30, 2001, CLAHEC was notified that it had been awarded a \$350,000 grant from a local donor, conditional upon CLAHEC's ability to obtain matching funds for this grant. Subsequent to June 30, 2001, CLAHEC has been notified by another donor and the State of Louisiana that it will receive sufficient funds to satisfy the matching requirement.

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December 3, 2001

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Central Louisiana Area Health Education Center Foundation
Alexandria, Louisiana

We have audited the financial statements of the Central Louisiana Area Health Education Center Foundation (CLAHEC) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 3, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

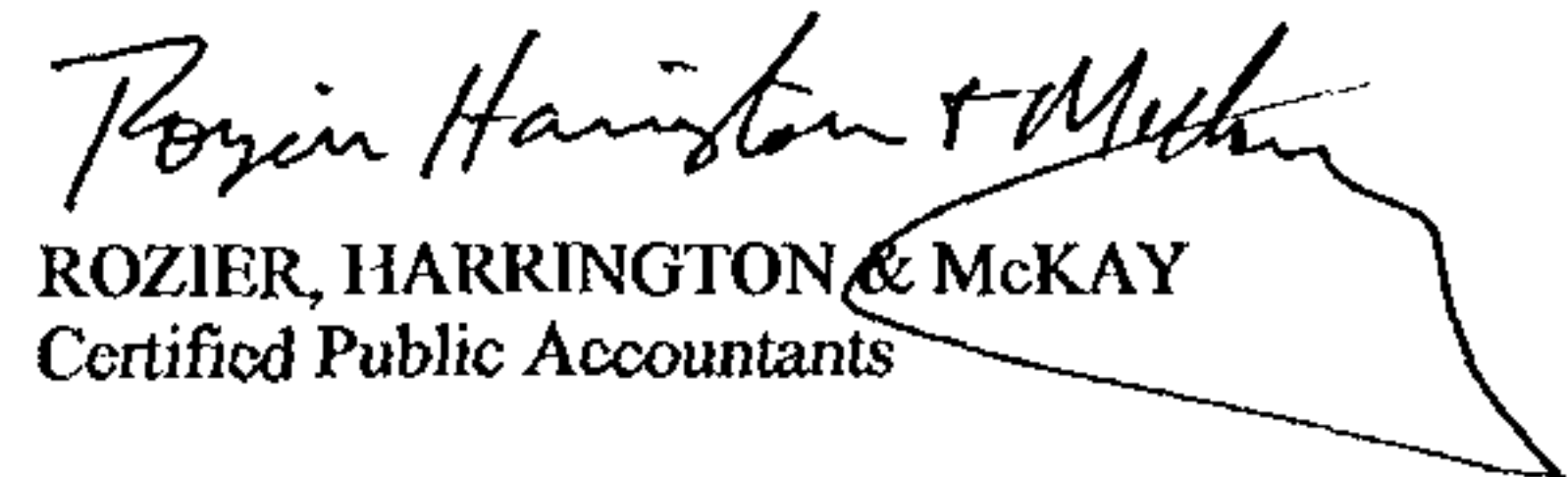
Compliance

As part of obtaining reasonable assurance about whether CLAHEC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CLAHEC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.


ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Central Louisiana Area Health Education Foundation
Schedule of Findings and Questioned Costs
June 30, 2001

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the financial statements of the Central Louisiana Area Health Education Center Foundation as of June 30, 2001 and for the year then ended expressed an unqualified opinion.
- There were no reportable conditions noted in the audit.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Central Louisiana Area Health Education Center Foundation.
- The organization was not required to have a Single Audit; therefore, none of the reporting required by OMB Circular A-133 was required.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- N/A.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- N/A.

Central Louisiana Area Health Education Foundation
Schedule of Prior Year Findings
June 30, 2001

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported as a result of the previous audit.	Response – N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported as a result of the previous audit.	Response – N/A
SECTION III MANAGEMENT LETTER	
No findings were reported as a result of the previous audit.	Response – N/A

Central Louisiana Area Health Education Foundation
Management's Corrective Action Plan
June 30, 2001

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questioned costs.	Response -- N/A
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questions cost.	Response – N/A
<u>SECTION III</u> MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questions cost.	Response – N/A